

## Message Text

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PAGE 01 ABU DH 01940 111234Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----087053 111238Z /50

O 111032Z JUL 78  
FM AMEMBASSY ABU DHABI  
TO SECSTATE WASHDC 8111  
INFO AMEMBASSY CAIRO IMMEDIATE  
AMEMBASSY DOHA IMMEDIATE  
AMEMBASSY JIDDA IMMEDIATE  
AMEMBASSY KUWAIT IMMEDIATE  
USLO RIYADH IMMEDIATE

C O N F I D E N T I A L ABU DHABI 1940

EXDIS

E.O. 11652: GDS  
TAGS: EFIN, EAID, EG, US, TC  
SUBJECT: ARAB AID TO EGYPT

REF: STATE 174089

1. WITH UAE FOREIGN MINISTER SUWAIDI NOT IMMEDIATELY AVAILABLE, I CALLED ON MUHAMMAD HABROUSH, DIRECTOR OF ABU DHABI DEPARTMENT OF FINANCE MORNING JULY 11 TO DISCUSS ARAB AID TO EGYPT. HABROUSH, AFTER SUWAIDI AND UAE PRESIDENT SHAIKH ZAYID, IS KEY POLICY -DECISION MAKER ON HOW ABU DHABI (READ UAE) FINANCIAL RESOURCES ON AID AND INVESTMENT ARE PARCELLED OUT. HABROUSH WILL REPRESENT UAE AT FORTHCOMING GODE GOVERNORS CONFERENCE IN KUWAIT.
2. AFTER LISTENING TO POINTS SET FORTH IN PARA 3 OF REFTEL, HABROUSH SAID GODE GOVERNORS WOULD DISCUSS TWO MAJOR ISSUES IN KUWAIT. FIRST IS QATAR'S CONTRIBUTION TO GODE. HE SAID THAT QATAR WAS STILL \$150 MILLION SHORT OF MEETING ITS  
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COMMITMENT TO GODE. QATAR'S PRESENT CASH FLOW DID NOT PERMIT IT TO MAKE THIS PAYMENT ALTHOUGH HE UNDERSTOOD QATAR WAS PREPARED PAY IN INSTALLMENTS BEGINNING WITH \$25 MILLION. HE DID NOT KNOW WHETHER GODE GOVERNORS WOULD WANT BALANCE PAID BY SYNDICATED LOAN OR SOME OTHER MEANS. SECOND IS FUTURE STRATEGY OF GODE AS A VEHICLE OF ASSISTANCE FOR EGYPT.

3. HABROUSH SAID GODE GOVERNORS FULLY AWARE OF IMF'S ESTIMATE OF EGYPT'S B/P GAP THIS YEAR OF \$650 MILLION BUT HE DID NOT KNOW WHAT GODE MEMBERS WOULD DECIDE TO DO. ONE POSSIBILITY IS TO RECAPITALIZE GODE TO A HIGHER FIGURE. ANOTHER IS FOR GODE TO GUARANTEE LOANS TO EGYPT THROUGH SYNDICATION. RECAPITALIZATION MIGHT BE DIFFICULT GIVEN QATAR'S CASH FLOW PROBLEM NOTED ABOVE. MOREOVER, UAE'S CASH FLOW POSITION "IS NOT SO GOOD AT THE MOMENT" AND OBVIOUS AREA WHERE UAE CAN CUT BACK OR RESCHEDULE OUTFLOWS IS IN FUNDS EARMARKED FOR FOREIGN AID. THIS WOULD NOT AFFECT 330 MILLION DIRHAMS (\$85 MILLION) EARMARKED FOR GODE IN THIS YEAR'S UAE FEDERAL BUDGET (SEE ABU DHABI 1835). THIS MONEY WAS NOT FOR INCREASED GODE CAPITALIZATION BUT TO COMPLETE PAYMENT OF ORIGINAL \$300 MILLION UAE COMMITMENT TO GODE.

4. HARROUSH ALSO REMAKRED THAT EACH GODE MEMBER WOULD HAVE A SOMEWHAT DIFFERENT OPTIC AT KUWAIT. KUWAITIS WOULD INSIST, RIGHTLY HE THOUGHT, ON FIRST HAVING GOE-IMF AGREEMENT IN PLACE WHILE SAUDIS WERE STILL PUSHING GODE ACTIVITIES IN PROJECT-RELATED FIELDS RATHER THAN FOR B/P ASSISTANCE. HE COMMENTED THAT IT WAS EXTREMELY DIFFICULT TO PLACE FINANCIAL CONTROLS OVER EGYPTIAN ECONOMY BECUASE ITS LEADERSHIP STILL REMAINED UNWILLING PROVIDE ADEQUATE FINANCIAL DATA AND CLAIMED THAT REMOVAL OF SUBSIDIES AND OTHER NEED REFORMS  
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WERE IMPOSSIBLE POLITICALLY. HE WAS CONCERNED THAT IF EGYPT DID NOT GET FURTHER ASSISTANCE, IT WOULD RESORT TO ITS PREVIOUS BAD HABITS OF OBTAINING NEW SHORT TERM CREDITS.

5. WHEN I PRESSED HABROUSH ON WHETHER WE COULD GET ANY UAE PROMISE ON NEW AID COMMITMENTS FROM GODE, HE SAID THAT HE HAD NO SPECIFIC INSTRUCTIONS EITHER TO SUPPORT INCREASE GODE CAPITAL OR SUPPORT LOAN SYNDICATION AS MEANS TO RAISE MORE CAPITAL. HE WAS TO GO AND LISTEN AND REPORT BACK. AFTER KUWAIT MEETING, THERE WOULD BE A MEETING WITH HIMSELF, SHAIKH ZAYID AND SUWAIDI. ATTITUDES OF OTHER GODE MEMBERS WOULD BE IMPORTANT IN THEIR DECISION-MAKING. HE PERSONALLY FELT IT WOULD DO LITTLE GOOD FOR ME TO PURSUE MATTER WITH

SUWAIDI OR ZAYID AT THIS TIME SINCE THEY WOULD PROBABLY TELL ME THEY WANT FIRST SEE RESULTS GODE GOVERNOR'S MEETING.

6. AFTER I REMINDED HABROUSH THAT INCREASE GODE CONTRIBUTION WOULD HAVE FAVORABLE IMPACT ON OUR EFFORTS IN CONGRESS TO ASSURE CONTINUED HIGH AID LEVELS FOR EGYPT, HE COMMENTED THAT GODE IS NOT ONLY VEHICLE FOR AID UAE GIVES TO EGYPT. THERE IS ALSO RABAT PAYMENT, ADFAED CREDITS, AND SEVERAL

"DIRECT PAYMENTS BY SHAIKH ZAYID TO PRESIDENT SADAT." EGYPT  
IS LARGEST RECIPIENT OF UAE ASSISTANCE.

7. COMMENT: IT SEEMS QUITE CLEAR FROM HABROUSH'S FRANK  
REMARKS THAT UAE DECISIONS ON GODE WILL LARGELY BE DETERMINED  
BY SAUDI AND KUWAITI POSITIONS. WHILE ABU DHABI'S WEAKENED  
CASH FLOW POSITION MIGHT BE DETERRENT IN GAINING UAE SUPPORT  
FOR HIGHER GODE CAPITALIZATION, BELIEVE LEADERSHIP SUFFICI-  
ENTLY AWARE OF POLITICAL IMPORTANCE OF ASSURING CONTINUED  
EGYPTIAN ECONOMIC STABILITY THAT IT WOULD DIP SLIGHTLY IN-  
TO RESERVES IF NECESSARY.

8. FURTHER COMMENT: PRIOR TO MY SEEKING HABROUSH, I CALLED  
ON EGYPTIAN AMBASSADOR SALAH EZZAT TO ASK IF HE HAD RECEIVED  
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ANY INSTRUCTION OR COMMUNICATION TO APPROACH UAE ON GODE.  
HE SAID HE HAD NOT NOR WAS HE AWARE OF FORTHCOMING GODE  
GOVERNOR'S MEETING. HOWEVER, EZZAT SAID HE WELCOMED ANY-  
THING I COULD TELL HIM ABOUT UAEG POSITION. WHILE I  
INTEND TO CONVEY GNERAL DETAILS OF MY CONVERSATION WITH  
HARROUSH, I FEEL IT UNFORTUNATE THAT GOE NOT MAKING  
GREATER EFFORT ON ITS PART TO SEEK COOPERATION FROM GODE  
DONORS.  
DICKMAN

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## Message Attributes

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**Channel Indicators:** n/a  
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**Copy:** SINGLE  
**Draft Date:** 11 jul 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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